



SALMONES CAMANCHACA S.A. AND SUBSIDIARIES

Quarterly Earnings Report on the Consolidated Financial Statements

For the period ended September 30, 2020

Salmones Camanchaca

Salmones Camanchaca S.A. is a vertically integrated salmon producer engaged in egg and breeder production, recirculating hatcheries for Atlantic salmon and pass-through hatcheries for other species, fish-farming sites in estuary and oceanic waters used mainly for Atlantic salmon, primary and secondary processing, marketing and selling Atlantic and Pacific salmon. The Company farms trout at its own estuary fish-farming sites currently through a joint venture with a third party operator, where it has a 1/3 share in the results, with 2.5 years to run and an estimated average annual harvest volume of 12,000 MT WFE. The Company harvested 54,000 MT WFE from its core business of Atlantic salmon farming in 2019 and expects to exceed 60,000 MT WFE in 2023. It also began Pacific salmon farming in 2019 and it harvested approximately 4,000 MT WFE in 2019. Overall production of all salmonid species at its own farming sites is expected to reach around 70,000 MT WFE in 2023. Salmones Camanchaca has 1,800 employees on average, 60% of whom work in its secondary processing and value-added plant. Markets for Atlantic salmon are led by the USA, Mexico, Japan, China and Brazil, with approximately 30% of sales in emerging markets in a variety of fresh and frozen formats.

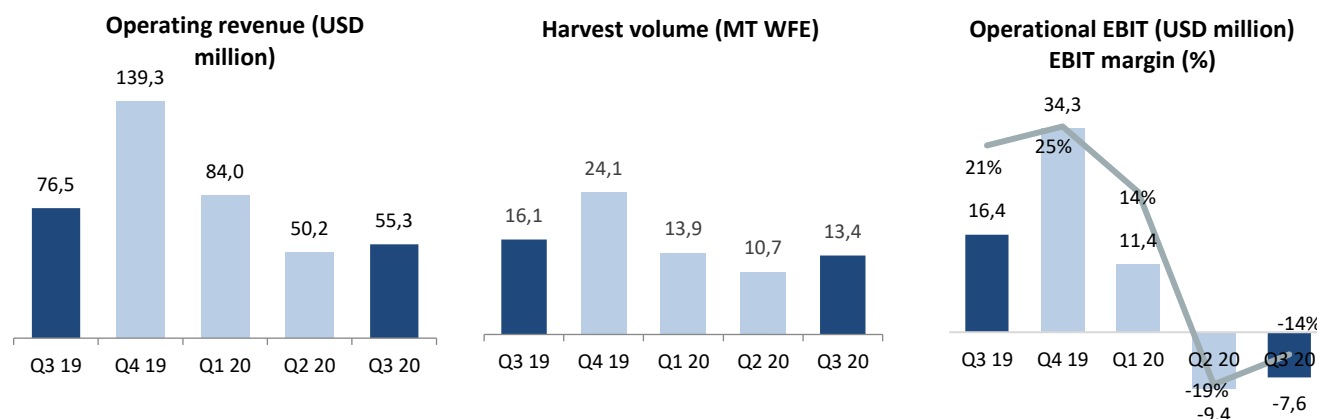
Highlights for the third quarter 2020 (Q3 2020)

- **Atlantic salmon harvest volumes in Q3 2020 were 13,368 MT WFE**, 17% lower than in Q3 2019, and for 9m 2020 they were 37,181 MT WFE, 11.2% higher than for the same period last year. This quarter also saw the start of the second Pacific salmon season in 2020 with 35 MT WFE being harvested.
- **Quarterly revenue was USD 55.3 million, down 27.8%** from Q3 2019. This is due to -8% lower sales volumes and a -24% fall in Atlantic salmon prices compared to Q3 2019. Prices fell due to weakness in several markets that were affected by the pandemic.
- **Atlantic salmon** harvest ex cage live fish costs were USD 3.06/kg in Q3 2020, which was lower than in the previous two quarters, although 6.7% higher than in Q3 2019. This cost is in line with the long-term goal of USD 3/kg.
- **Total processing costs were USD 0.86/kg WFE**, 2.4% higher than Q3 2019, but well below the long-term goal of USD 1/kg WFE. Processing costs in this quarter were affected by -17% lower processing volume, a higher proportion of value added products, which supports a higher gross margin, and higher operating costs due to precautionary measures for COVID-19.
- **Quarterly EBITDA was negative USD 3.7 million**, USD 24.1 million lower than in Q3 2019, mainly due to the sharp drop in prices, and to a lesser extent lower sales volume. This led to a **negative operating EBIT** in Q3 2020 of USD 7.6 million, which was USD 24 million lower than in Q3 2019.
- **Atlantic salmon EBIT/kg** was negative USD - 0.66, which was USD 1.95 lower than in Q3 2019, due to a decrease of USD 1.37 in the average sales price, which covers 70% of this reduction.
- **The net loss for Q3 2020 was USD 9.5 million**, strongly influenced by the fall in prices mentioned above, in addition to the Fair Value adjustment of biological assets at a negative USD 4.6 million, which reflects the expectation that prices will continue to stay low over the next few months.
- **The trout joint venture consolidates turnaround**, and contributed with a positive income for the third consecutive quarter of USD 1.5 million for the first nine months 2020, compared to a loss of USD -1.7 million for the same period in 2019, an improvement of USD 3.2 million.
- **Cash balances as of September 30, 2020 were USD 7.6 million**, and together with the Company's unused short and long-term lines of credit of USD 21 million Salmenes Camanchaca has a total available liquidity of USD 29 million. Net interest-bearing debt (NIBD) at the end of the quarter was USD 105.5 million, with a net debt-to-EBITDA ratio of 2.45 for the last 12 months, compared to 1.29 in September 2019.
- **The line of credit under the syndicated loan agreement signed in 2017** was scheduled to be amortized by 10% or USD 10 million in November 2020. This amortization has in October 2020 been agreed postponement.
- **The 2020 estimated harvest volumes for Atlantic salmon are around 53,000 MT WFE** and estimates for Pacific salmon are 3,500 MT WFE with 700 MT from the previous cycle. Total harvest of salmonids for 2020 are now estimated at 56,500 MT WFE. The initial estimated harvest volumes **for 2021** are 55,000 to 57,000 MT, which includes about 2,000 MT of Pacific salmon.
- **Sanitary and operational preventive measures to mitigate COVID-19 infections in the facilities and maintain operational continuity** were reinforced during Q3 and have been very effective. Universal tests are now being performed every week. As of October 29, eight cases had been detected during the quarter out of 2,035 employees, which represents 0.39%, and 17,692 tests were performed with less than 0.42% resulting positive.

However, during July and August large scale testing had not yet begun, so density and distance restrictions meant that value-added production capacity had to be reduced by approximately 30% compared to normal capacity. Subsequently, shifts and production returned to normal with effect from September 2020.

Key Figures

(USD 1 000)	Q3 2020	Q3 2019	Δ%	9m 2020	9m 2019	Δ%
Operating revenue	55,280	76,540	(27.8%)	189,516	199,709	(5.1%)
EBITDA Operational before fair value	(3,719)	20,371	-	5,582	42,990	(87.0%)
EBIT Operational before fair value	(7,598)	16,382	-	(5,606)	33,202	-
EBIT margin %	-13.7%	21.4%	(3,515 Pb)	-3.0%	16.6%	(1,958 Pb)
Fair Value Adjustments	(4,599)	6,849	-	(20,939)	9,745	-
Net profit (loss) for the period	(9,529)	15,229	-	(24,079)	26,231	-
Earnings per share	(0.144)	0.231	-	(0.3648)	0.397	-
Atlantic						
Harvests (ton WFE)	13,368	16,116	(17.1%)	37,180	33,443	11.2%
Sales volume (ton WFE)	11,673	12,689	(8.0%)	34,485	31,573	9.2%
% Sales of filets & portions	86.6%	76.5%	1,006 Pb	82.86%	75.7%	716 Pb
Ex-cage cost (USD/Kg live weight)	3.06	2.87	6.7%	3.17	3.34	(5.2%)
Ex-cage cost (USD/Kg WFE)	3.29	3.09	6.7%	3.41	3.60	(5.2%)
Process cost (USD/Kg WFE)	0.86	0.84	2.4%	0.96	1.02	(6.4%)
Price (USD/Kg WFE)	4.44	5.81	(23.5%)	5.01	6.05	(17.1%)
EBIT/Kg WFE (USD)	(0.66)	1.29	-	(0.03)	1.05	-
Coho						
Harvests (ton WFE)	35	489	(92.8%)	795	489	62.5%
Sales Volume (ton WFE)	226	0	-	2,499	0	-
EBIT/Kg WFE (USD)	0.46	0.00	-	(1.81)	0.00	-
Financial debt				113,083	100,573	12.4%
NIBD				105,493	92,434	14.1%
Equity/Assets ratio				46.4%	49.8%	
NIBD/EBITDA LTM				2.45	1.29	90.4%



Financial Performance

Results for Q3 2020

Salmones Camanchaca harvested 13,368 MT WFE of Atlantic salmon in Q3 2020, down 17% compared to the harvest volume of 16,116 MT WFE for Q3 2019. Atlantic salmon sales volumes were 8% lower at 11,673 MT WFE, while average prices were 23.5% or 1.37 USD/kg lower than in Q3 2019. This price was due to a significant drop in demand in several countries, concentrated in the HORECA or Food Service channels, as they were affected by the pandemic. Prices reached their lowest point in the last 10 years, according to Urner Barry Prices in Miami, USA.

Total operating revenue was USD 55.3 million in Q3 2020, 27.8% lower than in Q3 2019, due to a combination of lower sales volumes and lower prices. The average sales price of Atlantic salmon was USD 1.37 lower than in Q3 2019, at 4.44 USD/kg during Q3 2020.

Consequently, gross profit was negative USD 3.5 million. It was also impacted by the costs of operating farming sites with no production for commercial purposes in order to avoid these concessions expiring, as a result of regulatory changes that affected aquaculture. These costs together with minor expenses associated with fallow farming sites have added USD 4.7 million to operational costs. All of these factors have reduced the gross profit by USD 24.1 million compared to Q3 2019. We estimate that the high costs associated with Pacific salmon in 2020, as previously communicated, should not be repeated in 2021, provided smolts can be stocked at optimum density that year.

Administrative expenses fell by 6.5% or USD 0.149 million in Q3 2020 but increased from 3% to 3.9% as a percentage of operating revenue mainly due to lower sales price. Distribution and sales costs reflect higher cost and inventory storage expenses, and increased from 2.6% to 3.6% of operating revenue. Thus, the Company's combined sales and administrative expenses increased from 5.6% to 7.5% of Q3 2020 operating revenue.

Operational EBIT before Fair Value adjustments was negative USD 7.6 million in Q3 2020, USD 24 million lower than the positive USD 16.4 million in Q3 2019, due to the previously explained reasons.

Atlantic salmon sales generated a negative EBIT of USD -0.66/kg WFE in Q3 2020, USD 1.95 less than the positive EBIT of USD 1.29/kg WFE achieved in Q3 2019, due to lower sales volumes and prices.

The resulting net Fair Value adjustment for Q3 2020 was negative USD 4.6 million, compared to positive USD 6.8 million in Q3 2019, giving an unfavorable difference of USD 11.4 million, mainly due to lower prices.

Financial expenses were USD 0.9 million, a decrease of 31% compared to USD 1.3 million in Q3 2019, due to reductions in the Libor reference interest rate. Financial debt reached USD 113.1 million as of September 30, 2020, an increase over the USD 100.6 million as of September 2019, which reflected the lower margins.

Other income and expenses were negative USD 0.9 million, due to an estimated additional loss of USD 1.1 million after insurance claims, regarding the incident at the Islotes farming site that occurred in May. Thus, this incident resulted in a total estimated extraordinary loss of USD 5.2 million, net of insurance claims, in 2020. The Company's participation in the trout joint venture was income of USD 0.1 million for the quarter, compared to a loss of USD 0.5 million in Q3 2019, making it the third consecutive favorable quarter.

The appreciation of the Chilean peso against the US dollar during the third quarter generated an exchange gain of USD 0.6 million, which was an improvement of USD 1 million over Q3 2019.

As a result, the Company had a net loss after tax of USD -9.5 million in Q3 2020, USD 24.8 million lower than in Q3 2019. This unfavorable result was due to lower gross margins and the Fair Value adjustment, both of which reflect the deterioration in prices.

Cash flow in Q3 2020

Net cash flow in Q3 2020 was negative USD 4.4 million compared to negative cash flow of USD 1.5 million in Q3 2019, which was explained by:

- Negative operating cash flow of USD 4.5 million, compared to positive USD 2.2 million in Q3 2019, which reflected falling prices.
- Negative investing cash flow of USD 5.1 million in Q3 2020, down from USD 8.4 million in Q3 2019, which reflected the reduction in investment initiatives as a result of the pandemic. Salmenes Camanchaca postponed approximately 50% of its original April-December 2020 investment plan.
- Positive financing cash flow of USD 5 million, due to additional short-term debt to finance investing and operating activities.

Salmenes Camanchaca has net cash of USD 7.6 million as of September 30, 2020 and short-term unused lines of credit of USD 21 million, which provides in total USD 29 million of available liquidity for the company.

Year to date (YTD) Q3 2020 Results

During the first nine months of 2020, Salmenes Camanchaca harvested 37,180 MT WFE of Atlantic salmon, 11.2% higher than the 9m 2019 harvest of 33,443 MT WFE. It also harvested 760 MT WFE of Pacific salmon in the first quarter of 2020. The second Pacific salmon production cycle 2020 began during September when 35 MT WFE was harvested.

Operating revenue for the first nine months of 2020 were USD 190 million, which was 5.1% or USD 10 million lower than the same period in the previous year, when they were USD 200 million. Atlantic salmon sales volumes were 9.2% higher this year, but the average sales price during 9m 2020 was USD 5.01, which is 17.2% or USD 1.04 lower than for 9m 2019.

Accordingly, gross profit was USD 8.1 million or 4.3% of operating revenue, which was 82% lower than in 2019, and explained by lower prices. The gross profit for Pacific salmon was negative USD 4.1 million, due to the high costs of low-density smolt stocking, and its low sales price. There were also higher operational costs at fallow sites and mortality during 2020, which resulted in additional expenses of USD 6.9 million.

Administrative expenses fell by USD 0.422 million or 5.9% in 9m 2020, and they decreased from 3.6% to 3.5% as a percentage of operating revenue. Distribution and selling costs increased by USD 1.6 million, due to increased sales volumes and inventory storage costs, leading to an increase from 2.7% to 3.7% of operating revenue. Thus, the Company's combined sales and administrative expenses increased from 6.2% to 7.2% of 9m 2020 operating revenue.

Consequently, operating EBIT before Fair Value adjustments was negative USD 5.6 million for 9m 2020, which was USD 38.8 million lower than the positive USD 33.2 million for 9m 2019.

Sales of Atlantic salmon during these 9 months generated a break even EBIT, which was USD 1.08 less than the positive EBIT of USD 1.05/kg WFE for 9m 2019. This was due to lower prices, which were partially offset by cost reductions compared to the previous year. The EBIT/kg WFE for Pacific salmon was negative USD 1.81, which was affected by low-density smolt stocking costs.

The net Fair Value adjustment for 9m 2020 was negative USD 20.9 million, lower than the positive USD 9.7 million for 9m 2019. This unfavorable reduction of USD 30.7 million was caused by falling prices.

Financial debt increased by only USD 12 million to USD 113 million as of September 2020, despite the lower profits, the effects of the pandemic, dividend payments and investments. However, financial expenses decreased to USD 3.1 million, compared to USD 3.3 million for 9m 2019, due to reductions in the Libor reference interest rate.

Other income and expenses were negative USD 4.2 million, lower than the negative USD 4.7 million for 9m 2019. The incident in May at the Islotes farming site resulted in a loss of USD 5.2 million net of insurance claims, which was partially offset by income from the trout joint venture of USD 1.5 million during 9m 2020, compared to the loss of USD 1.7 million for 9m 2019.

The depreciation of the Chilean peso against the U.S. dollar generated an exchange loss of USD 0.6 million, mainly attributable to recoverable taxes denominated in Chilean pesos.

Accordingly, the net loss after taxes for 9m 2020 was USD 24.1 million, which was USD 50.3 million lower than for 9m 2019, mainly due to falling prices.

YTD Q3 2020 Cash flow

Net cash flow for 9m 2020 was negative USD 6.3 million compared to negative cash flow of USD 5 million for 9m 2019, which was explained by:

- Positive operating cash flow of USD 13.9 million, compared to the positive USD 1 million for 9m 2019, due to higher sales volumes in Q4 2019 that were collected in 2020.
- Negative investing cash flow was USD 16.6 million in the period, 46% lower than the negative USD 31.0 million in Q3 2019, which reflects completing the 2018-2020 investment plan and the investment plan for this year being reduced as a result of the pandemic.
- Negative financing cash flow of USD 2.9 million for 9m 2020, due to dividend payments of USD 16.9 million in May 2020, partially offset by increased short-term borrowing of USD 14 million.

Salmones Camanchaca has a strong financial and liquidity position despite the current pandemic, with net cash of USD 7.6 million as of September 30, 2020 and short-term unused credit lines of USD 21 million, providing the company with USD 29 million of available liquidity.

Financial position

Assets

As of September 2020, the Company's total assets were USD 377.4 million, a decrease of USD 30.4 million or 7.4% compared to December 2019, mainly due to a USD 35.8 million decrease in current assets, specifically trade receivables and biological assets. Non-current assets increased by USD 5.4 million.

Current assets were USD 245.5 million, a decrease of 12.7% compared to December 2019, due to the decrease in trade receivables of USD 26.3 million, reflecting the collection of higher sales volumes during Q4 2019, and the negative USD 11.3 million Fair Value adjustment of biological assets. The Company's inventories (excluding biological assets) were valued at cost as of September 30, 2020, and totaled USD 32.5 million, out of which USD 26.9 million were finished products, equivalent to 4,095 MT net, which is approximately two month's harvest volumes.

Investments net of depreciation explain the USD 2.7 million increase in property, plant and equipment. Long-term deferred taxes increased by USD 1.8 million. These changes explain the increase of USD 5.4 million or 4.3% in non-current assets, compared to December 2019.

Liabilities and Equity

As of September 2020, total liabilities were USD 202.2 million, a decrease of USD 1.8 million or 0.9% compared to December 2019.

Current liabilities were USD 101.9 million, an increase of USD 5.4 million or 5.5%, mainly due to an increase of USD 14.7 million in short-term financial liabilities, to strengthen the Company's liquidity position and compensate for the effects of the pandemic. This was partially offset by a reduction of USD 8.8 million in trade payables.

Non-current liabilities were USD 100.3 million, a decrease of USD 7.2 million or 6.7%, mainly due to a decrease in deferred tax liabilities.

As a result, net financial debt was USD 105.5 million, an increase of USD 21 million during 9m 2020.

The Company's equity was USD 175.1 million, a decrease of USD 28.6 million or -14% compared to December 2019, due to net losses for the period of USD -24.1 million and dividend payments that exceeded the minimum legal dividend provision by USD 4.2 million, resulting in an equity ratio of 46.4%

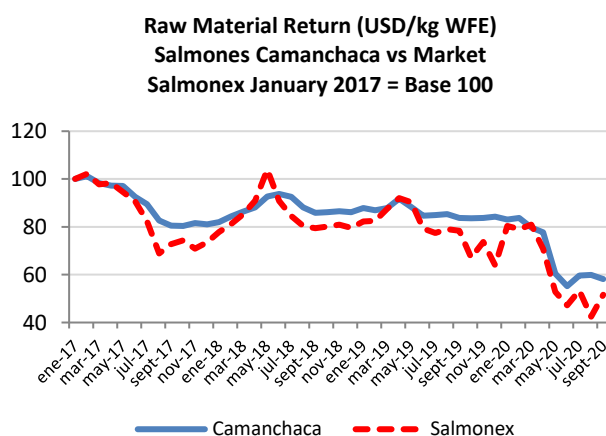
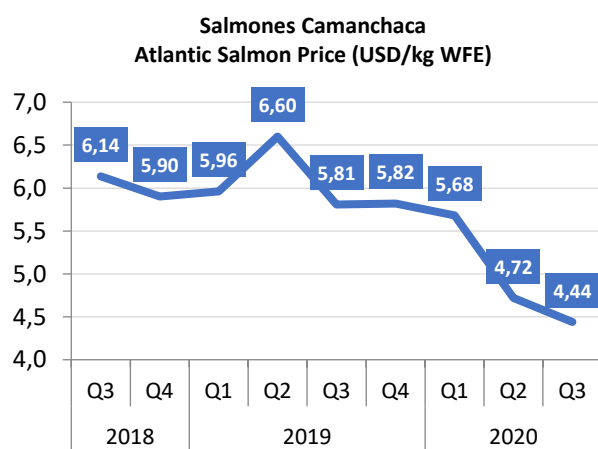
Operating Performance

Salmones Camanchaca's performance is driven by three key factors:

1. **The price of Atlantic salmon**, which is sensitive to Norwegian and Chilean supply conditions and demand from its main trading partners.
2. **Sanitary conditions for Atlantic salmon**, which affect conversion factors, the use of pharmaceutical and mechanical means to improve fish health and welfare and the surviving biomass that absorb the total farming costs.
3. **Feed costs**, which accounts for around half the unit live fish (ex-cage) cost.

I. Product Prices

The average price of Atlantic salmon sold by Salmones Camanchaca during Q3 2020 was USD 4.44 per kg WFE, which was 24% or USD 1.37 less than during the same period for the previous year. This decrease is explained by a significant drop in demand from the food and services (HORECA) segment in countries affected by the COVID-19 pandemic, which was partially offset by increase in demand from the retail segment. The Company mitigated this situation by using all its capacity to produce value-added products, such as fillets and portions for North American supermarkets, and reducing its sales of fresh whole salmon to Brazil and China. This strategy ensured that Camanchaca achieved an average raw material return (RMR) ¹ from Atlantic salmon USD 0.37 higher than the Salmonex² index during 2020, which is its reference market. The restrictions imposed on the Russian market in February continued during Q3 2020.



¹ Raw Material Return is the final product price less distribution and specific secondary processing costs. It is a price measurement before selecting the final destination for harvested fish and provides a homogeneous aggregate indicator for the Company's products.

² The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean firms, net of Salmones Camanchaca's processing and distribution costs, in order to eliminate cost differences and isolate marketing differences.

Volume

Atlantic salmon		Q3 2020	Q3 2019	Δ	Δ %	9m 2019	9m 2018	Δ	Δ %
Harvest volumes	MT WFE	13,369	16,116	-2,747	-17.0%	37,181	33,443	3,738	11.2%
Sales	MT WFE	11,673	12,689	-1,016	-8.0%	34,485	31,573	2,912	9.2%
Sales	ThUSD	51,633	73,736	-22,103	-30.0%	172,479	190,990	-18,511	-9.7%
Average sales price	USD/kg WFE	4.44	5.81	-1.37	-23.5%	5.01	6.05	-1.04	-17.2%

Pacific salmon		Q3 2020	Q3 2019	Δ	Δ %	9m 2020	9m 2019	Δ	Δ %
Harvest volumes	MT WFE	35	489	-454	-92.8%	795	489	306	62.6%
Sales	MT WFE	226	0	226	-	2,499	0	2,499	-
Sales	ThUSD	976	0	976	-	9,783	0	9,783	-
Average sales price	USD/kg WFE	4.32	0.00	4.32	-	3.91	-	-	-

Salmones Camanchaca harvested 37,976 MT WFE of salmonids during 9m 2020, which included 37,181 MT WFE of Atlantic salmon. This harvest was 11.2% higher than for 9m 2019. Sales were 36,984 MT WFE in 9m 2020, which were 10.8% higher than in 9m 2019. They comprised 93.2% Atlantic salmon and 6.8% Pacific salmon.

Operating revenue

The Company's marketing and sales strategy is to build its capacity and flexibility in order to diversify its products and target markets, and focus on the most attractive markets for its raw material, based on medium-term conditions, and preferring stable customer relationships.

Sales by Market Segment as of September 2020

Product or Species	USA	Europe and Russia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
ThUSD								
Atlantic salmon	85,090	16,135	10,382	20,960	33,115	5,909	1,133	172,724
Pacific salmon	1,180	1,290	1,223	4,134	1,844	110	0	9,782
Others	0	0	0	0	0	7,010	0	7,010
TOTAL	86,269	17,425	11,606	25,094	34,959	13,029	1,133	189,516

Sales by market segment as of September 2019

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
ThUSD								
Atlantic salmon	83,382	17,998	14,426	15,487	47,215	9,169	3,313	190,990
Pacific salmon	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	8,719	0	8,719
TOTAL	83,382	17,998	14,426	15,487	47,215	17,888	3,313	199,709

The Company defines its value-added products as those containing some degree of secondary processing, including freezing, and accounted for 91% of sales YTD Sep 2020, higher than the 85.3% achieved in YTD Sep 2019. The remaining sales are head-on gutted whole fresh salmon for the South American and Chinese markets.

Sales to the North American market rose from 41.8% to 45.5% in 9m 2020, while sales to the European and Russian markets increased from 9.0% YTD 2019 to 9.2% YTD 2020. Russia prohibited the import of some Chilean exporters at the end of February, which included Salmenes Camanchaca's products, so there has been no sales from March onwards. Sales to Asia excluding Japan decreased from 7.2% to 6.1%, while sales to Japan rose from 7.8% to 13.2%. Sales to Latin America decreased from 23.6% to 18.4% mainly due to market weakness in Brazil, partially offset by an increase in Mexico. Accordingly, current conditions in certain markets have led to sales being redirected to traditional markets for Salmenes Camanchaca, such as the USA, Japan and Mexico, who require predominantly value-added products.

Other income is mostly smolt sales, processing and services for third parties in our primary processing plant, and farming site leases.

Other Businesses

As of September 30, 2020, Salmenes Camanchaca has six sea farming concessions that are leased out for trout farming in the Reloncaví Estuary (Tenth Region). These leases are the Company's contribution to the trout joint venture. The neighborhood where these concessions are located has a mandatory fallow period in the first quarter of odd-numbered years when harvest volumes are smaller, for example in 2019 only 1,871 MT WFE of trout were harvested during the first nine months, much lower than the 12,777 MT WFE harvested in 9m 2020. Sales by the trout joint venture were 9,029 MT WFE in 9m 2020, an increase of 50% over sales in 9m 2019, at higher sales prices and lower costs. So Salmenes Camanchaca's one-third share in earnings was a net income of USD 1.5 million for 9m 2020 compared to a net loss of USD 1.7 million in 9m 2019, which is presented in the Statement of net income under Other income.

The trout strategy continues as previously communicated and the activity is operated by Caleta Bay, who maintain an estimated average annual harvest volume of 12,000 MT until 2022 when the agreement ends.

Salmenes Camanchaca stocked 1.4 million Pacific salmon smolts in 2019, to make better use of the estuarine sites in the Tenth region and to complement the trout joint venture, and subsequently harvested 5,062 MT WFE during the first productive cycle that terminated in January 2020. This initiative will provide the Company with specific experience in producing and marketing this specie, which the Company considers a beneficial step when the trout joint venture comes to an end. Pacific salmon production in 2019 represents around 2.4% of Chilean production, according to Aquabench. Salmenes Camanchaca expects negative margins during the first two production cycles in 2019 and 2020, due to the reduced smolt stocking densities permitted by the regulations.

The Company has decided to reduce Pacific salmon smolt stocking in 2020 from 1.4 million to 0.7 million, due to the COVID-19 pandemic and the estimated harvest volume for that cycle in 2020 of is 2,800 MT WFE.

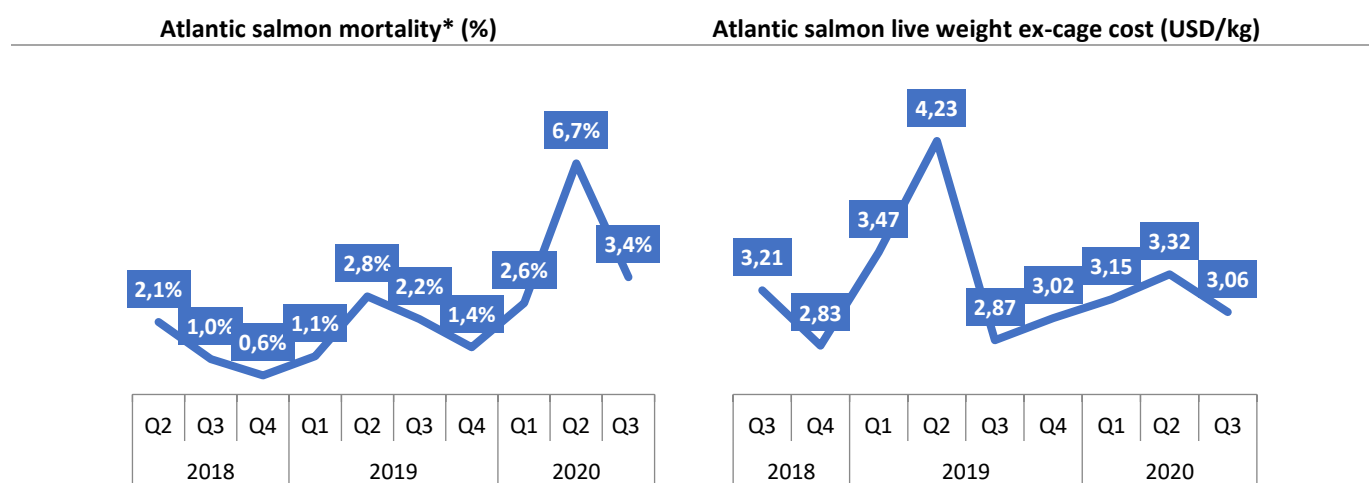
The Company's other businesses, such as processing services for third parties, leasing farming sites and sales of byproducts, resulted in an operating profit of USD 2.7 million for 9m 2020.

II. Sanitary and Production Conditions

The total open cycle biomass mortality of the Atlantic salmon population during Q3 2020 was 3.4%, slightly higher than the mortality for the same quarter in the previous cycle in 2018, which was mainly due to sea-lion attacks and SRS.

Mortality at the two sites that completed their cycle in Q3 2020 was 9.62%, which was higher than the historical average, due to sea-lion attacks and SRS.

Live weight ex-cage costs for fish harvested during Q3 2020 were USD 3.06 per kg, which is USD 0.19 higher than in Q3 2019, and USD 0.15 lower than the previous cycle in Q3 2018 for similar geographical areas, which is a more appropriate comparison. The lower cost compared to the previous cycle is due to savings in medicine and feed costs.



* Total quarterly mortality (number of fish) including both closed and open sites. Closed sites affected by the HAB are included.

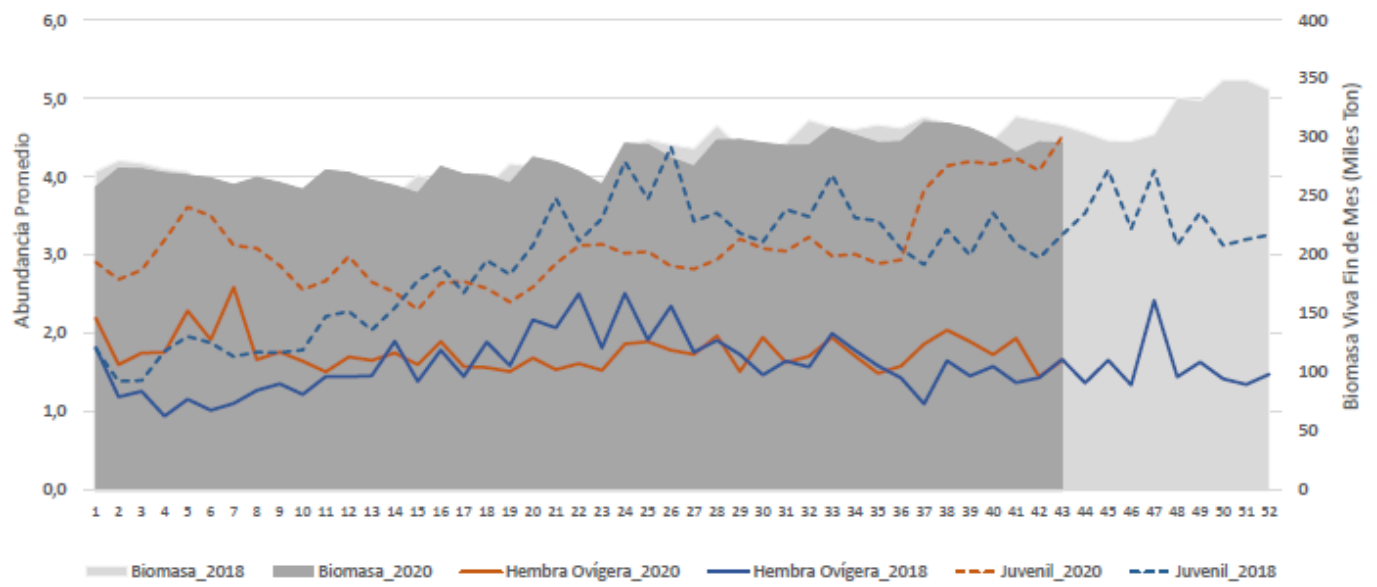
The following table shows the trends in the principal closed circuit Atlantic salmon production and sanitary variables for the last twelve months (LTM).

Atlantic salmon	Biological Indicators					Sustainability Indicators				
	FCRb (Live fish)	Productivity kg WFE/smolt	Average harvest weight kg WFE	Antibiotic use Gr/MT	Antiparasitic treatments Gr/MT	Number of antibiotic treatments	Medicinal treatments (baths)	Number of escapes	Cycle duration / Fallow periods	FIFO Ratio
2017	1.23	5.11	5.29	541.1	5.6	2.8	5.4	0	17/7	0.70
2018	1.20	4.78	5.32	559.6	7.3	2.6	7.3	0	17/7	0.61
2019	1.18	4.53	4.87	503.7	9.1	1.8	9.1	0	16/8	0.60
2020	1.17	5.28	5.42	464	10.5	1.8	13	37,150	17/7	0.59

Smolt productivity is measured as the harvested biomass weight in kg / number of smolts. It reached 5.28 kg WFE in Q3 2020 (LTM), which is 17% higher than the moving average for 2019. The average harvest weight was 5.42 kg WFE, which was 11% higher than in 2019 and 2% higher than the previous cycle in 2018. The escapes in 2020 relate to the event due to bad weather conditions in Islotes from May 2020, from which a total of 27% was recaptured.

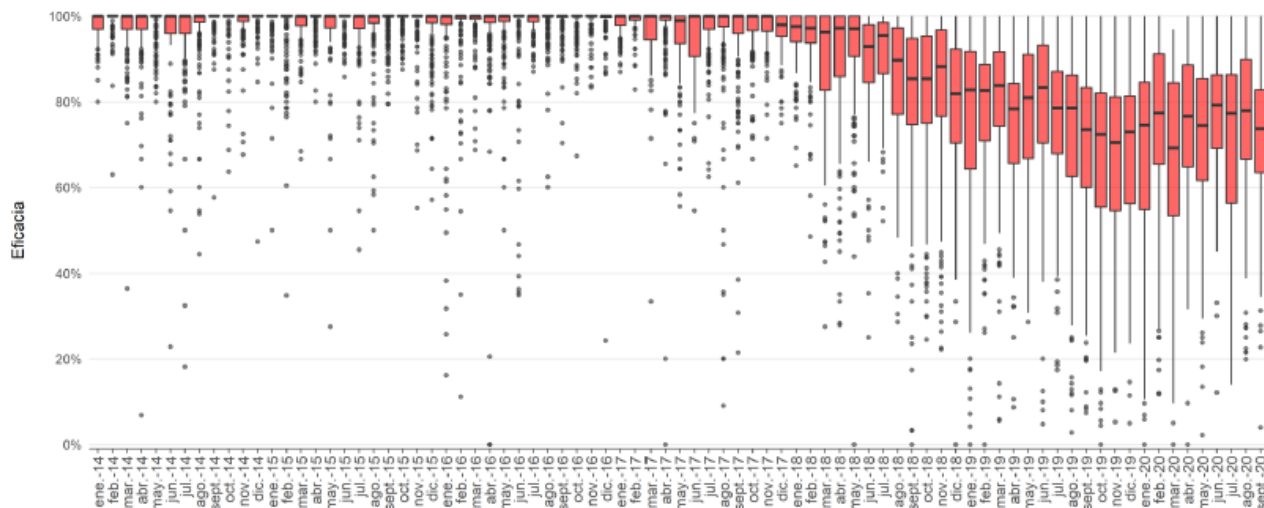
During Q3 2020, the Company was the subject of an investigation by Sernapesca and the Environmental Superintendency regarding a potential escape of 500 gram Coho salmon from the primary processing plant of San José, Calbuco municipality. To date, Salmones Camanchaca has provided information to these authorities showing that there was indeed an escape of between 35 and 58 thousand fish from its primary processing unit, of which 13 thousand were recaptured in the following days. The indicated escape was due to an exceptional situation given by the small size of the harvested fish, a commercial decision taken to terminate them earlier than expected due to market conditions. Evidence provided to the authorities shows that San José waiting cages and the processing plant were in optimal condition.

Sea lice infections have been controlled during 2020, but with more antiparasitic treatments using Azametifos and new treatments using Peroxide and Alfaflux. Thus, the average sea lice infection among incubating females in the Atlantic - Trout industry for 2018-2020 has been as follows.



Source: Biomass: Salmobench, Sea lice: Participating companies Sea lice Project.

The Industry efficacy of Azametifos during 2014-2020 has remained stable over the last twelve months.



Source: Salmobench

At the date of this report, Salmones Camanchaca had no farming sites classified as High Propagation Sites (HPS), where more than 3 incubating sea lice females on average have been spotted.

During 2020, Salmones Camanchaca began operating a peroxide barge at sites with parasites or BGD (bacterial gill disease) with highly effective results.

The number of antibiotic treatments was reduced by 43% over the last 12 months ended September 2020, compared to the previous cycle in 2018 in the same neighborhoods, while antibiotic treatments per MT of biomass were reduced by 17%, under a similar comparison. The number of treatments was reduced due to better sanitary practices, using live vaccines, and controlling sea lice infestations, but treatment doses were increased when applied to heavier fish.

Accordingly, Atlantic salmon costs in Q3 2020 were.

Costs (USD/kg WFE)	Q3 2018	Q3 2019	Q3 2020
Ex cage (WFE)	3.46	3.09	3.29
Harvest and primary processing (WFE)	0.30	0.32	0.25
Value-added processing (WFE)	0.54	0.52	0.61
Processing cost (WFE)	0.84	0.84	0.86
Total cost of finished product (WFE)	4.30	3.93	4.15

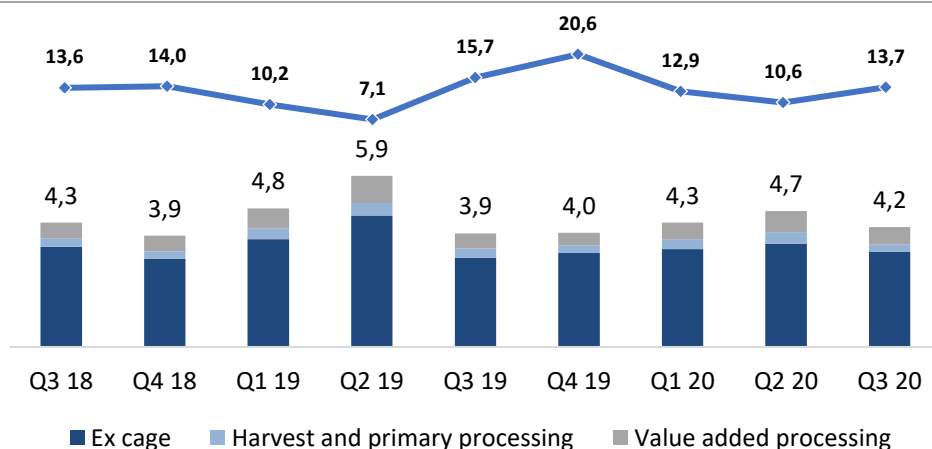
The ex-cage WFE cost in Q3 2020 was USD 3.29/kg WFE, equivalent to USD 3.06/kg in live weight. This was 6.7% higher than in Q3 2019, and 4.6% lower than in Q3 2018 for the same production cycle at the same sites. This is due to lower operational and feed costs. However, the ex-cage cost was 2% higher than the long-term goal of USD 3.23/kg WFE or USD 3/kg live weight, due to harvests from two SRS-affected sites.

Primary and secondary processing costs were USD 0.86/kg WFE, which was slightly above Q3 2019 and +2.4% compared to Q3 2018, although 14% lower than the goal of USD 1/kg WFE. These costs were affected by smaller production volumes due to COVID-19 risk mitigation measures, the additional costs associated with these measures and increased volumes of value added products.

Consequently, the total cost of finished products was USD 4.15/kg WFE, which was USD 0.23 higher than in Q3 2019, and USD 0.14 cent below the previous cycle in Q3 2018 for the same production cycle at the same sites.

Total cost was therefore approximately on the long term target of USD 4.23/kg WFE and as shown in the 12-month trend analysis gradually stabilizing around this target.

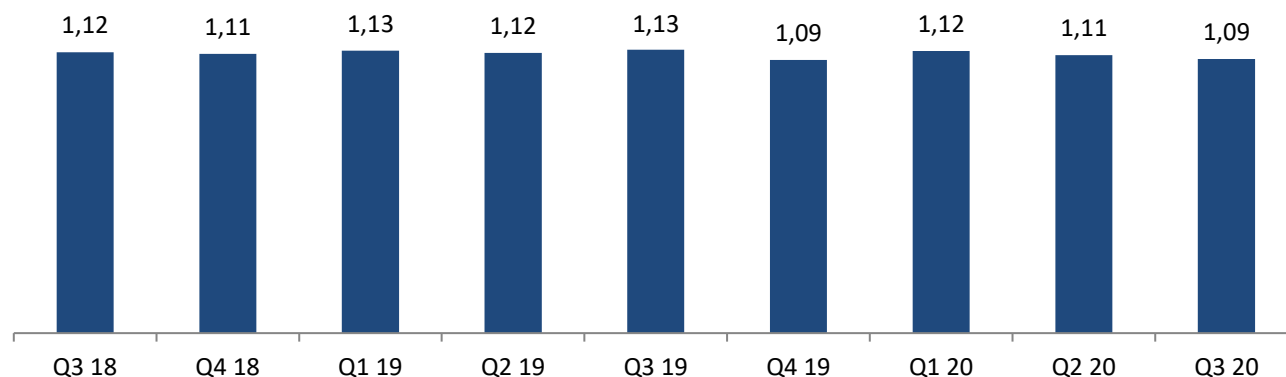
Total cost of Atlantic salmon finished products (USD/kg WFE) and processed volume (MT WFE)



III. Feed Cost

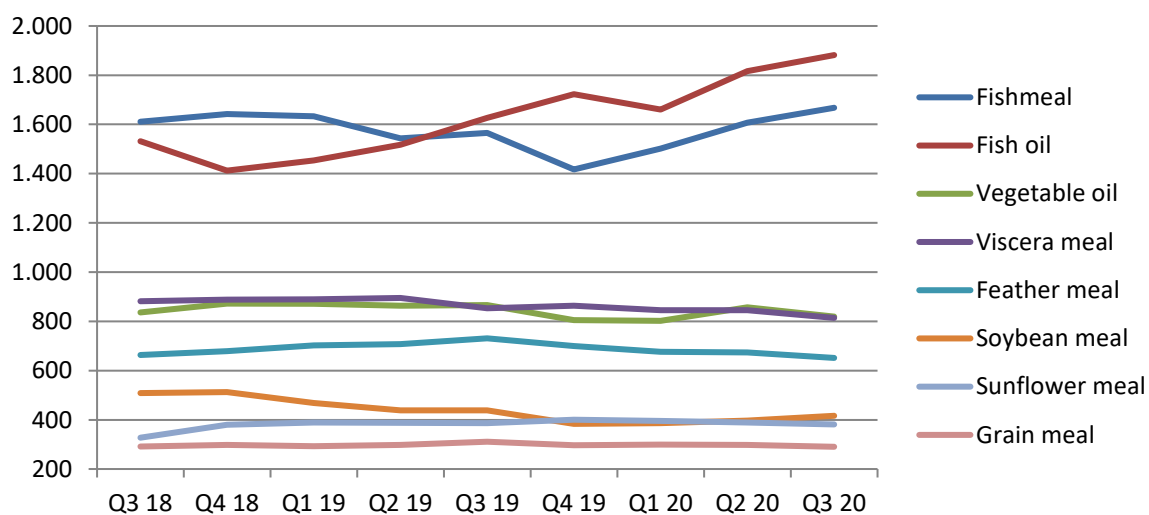
The price of feed for fish over 2.5 kg, which represents approximately 40% of the Company's total feed cost, slightly decreased by 1.8% compared to the previous quarter, to reach USD 1.09/kg, in spite of price increases for the marine ingredients.

Price for 2500 caliber (Salmones Camanchaca) USD/kg



Source: Internal data, Salmones Camanchaca price including pigment. Excludes medicated feed, feed additives and supplements

Price of main ingredients USD/MT



Source: Internal data, Salmones Camanchaca

Subsequent Events

On October 23, 2020, the Company agreed that the 10% or USD 10 million amortization of its long-term line of credit with the banking syndicate, comprised of Rabobank, DNB and Santander, due on November 2020 was postponed.

The Company's outlook and the Covid-19 pandemic

Salmones Camanchaca continues to reinforce the measures adopted to address the global pandemic in Chile since it arrived, and thus reduce the risks of infection and mitigate the potential human, operational and financial consequences. These measures aim to achieve two main objectives:

1. To protect the health of our employees and their families, and everyone who works at the facilities operated by Salmones Camanchaca.
2. To protect the company's operational continuity, which is a key requirement in order to protect employment at Salmones Camanchaca, and conserve the company's own health.

As of the date of this report, the measures adopted by the company have enabled it to operate continuously and sell its products with a production and marketing focus on value added products to meet increasing retail demand, which has been growing compensating the decrease of food services sector. However, many restaurants and hotels around the world have closed, which has particularly affected some markets such as Brazil, China and Mexico, where weak demand has led to a significant fall in selling prices in all markets.

The Company has adopted a conservative financial strategy during the pandemic, by reducing investments, postponing non-essential expenses, lowering the proposed dividend, increasing its credit lines and halving Pacific salmon smolt stocking in 2020.

The medium-term impact of COVID-19 is still uncertain, and Salmones Camanchaca continues to monitor it and adapt mitigating measures as productive conditions and target markets evolve.

Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The main variable affecting revenue is the price of Atlantic salmon, while the main variables affecting costs are the environmental conditions at farming sites, and the sanitary status of the salmon biomass, including the biological conversion of feed.

Individually and in aggregate, aquaculture businesses are exposed to various risks. Consequently, Salmenes Camanchaca uses a risk matrix that guides the Company in order to: i) review and update the critical risk inventory and generate a map that helps manage risks; ii) assess these risks on the basis of impact and probability parameters that helps with prioritizing; iii) implement an internal audit and control plan based on the risk map that focuses resources on the most vulnerable areas; iv) generate a set of strategies to reduce the probability and impact, including insurance wherever this is feasible and financially attractive. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities, as well as review the frequency and severity of internal controls to validate the effectiveness of mitigating measures.

The factors used to detect critical risks are the Company's mission, vision and values; short and long-term strategic planning; known risks inherent to the business; the knowledge and experience of key personnel; and other factors.

a. Phytosanitary Risks

The Company is exposed to risk of disease or parasites that can affect the biomass, increasing mortality or reducing the growth of specific species, and thereby, affecting production and sales volume. Salmenes Camanchaca has adopted strict control standards to minimize those risks, and comply with regulatory requirements with respect to coordinated fallow periods for the concessions in each neighborhood, maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, smolt production in closed recirculating sites fed by groundwater, transport of breeders and fish for harvest in wellboats, coordinated anti-parasitic washing by neighborhood, frequent net cleaning, oxygen plants to supplement pronounced shortfalls in the water, vaccinations at the freshwater stage, and other standards. The risks associated with increased concentrations of parasites can result in early harvests, under certain circumstances, with the consequent lower harvest weights. In the extreme, they can result in unusable products. The Company is mitigating these risks by rigorously applying current treatments, diversifying the anti-parasitic treatments it applies to sites affected by higher concentrations.

b. Natural Risks

The Company is exposed to natural risks that may affect normal operations, such as volcanic eruptions, tidal waves and tsunamis, earthquakes, harmful algae blooms, natural predators, pollution and other factors that may threaten the biomass and production infrastructure. Furthermore, it is exposed to non-aquaculture risks that affect people working in this industry, such as highly contagious diseases that limit normal production, intermediate or final logistic chains that can limit production and sales. The Company is constantly monitoring these variables using the latest risk prevention technologies and tools available in Chile, in addition to having appropriate insurance coverage for these risks, where available.

c. Product Sale Price Risks

The Company mainly exports its products to numerous markets and evaluates the prices it obtains, for which it has a wide commercial network. The Company adjusts the speed of its sales in accordance with production and market conditions, which are constantly in flux. However, it does not accumulate inventory in order to speculate on better sale prices in the future.

Prices are highly dependent on the supply from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand conditions in these markets. Furthermore, demand

may fall due as consumption patterns weaken, for example as a result of the Covid-19 pandemic, which could continue for a prolonged period. Salmenes Camanchaca has sought to safeguard against this risk through diversifying its commercial network and flexing its range of products to enable its raw material to be sent to any market.

The Company complies with production standards and protocols applied by the country with the strictest requirements in the world, in order to take advantage of all available commercial opportunities. However, there is a risk that occasionally some markets will be limited as a result of tariff, para-tariff or sanitary measures. Should this occur, the Company believes that it is sufficiently diversified across various markets to divert trade elsewhere, although this may result in price decreases in the short-term depending on market conditions.

d. Purchase Price Risks

The Company is exposed to changes in the price of salmon feed, which represents about half the cultivation cost. Salmenes Camanchaca ensures its diets achieve a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, as well as keeping the ratio of marine sourced feed to farmed fish (the fish in-fish out ratio), to no more than 1:1. The Company has feed contracts with prices adjusted quarterly, on a cost-plus basis.

e. Regulatory Risks

Aquaculture is strictly regulated in Chile by laws, standards and regulations issued by the corresponding authorities. Significant changes in these could impact the Company's performance. These regulations are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations that assign concessions, manage the biomass and set preventive sanitary standards. The Company is constantly monitoring changes in regulations in order to anticipate and mitigate any potential impact.

The regulations governing salmon farming densities were changed with effect from Q3 2016, and a smolt stocking reduction program was introduced (SRP) as an alternative to the general density regime. This program requires stocking and farming densities to be reduced when sanitary performance has fallen, or when smolt stockings are expected to grow in the area. The SRP mechanism gives producers the option to replace a reduction in density, when appropriate, with a smolt stocking plan that considers growth containment with respect to the previous cycle, so maintaining densities at maximum permitted levels.

Since the Company's policy has been to use its assets to provide services to third parties/producers, it has routinely leased out several farming sites. Regulations attribute the history of concession use to the concession owner, allowing the Company to use the history of smolt stocking at farming sites leased to third parties in its smolt stocking plans, without affecting the growth of smolt stocking in the areas involved. Therefore, as lease contracts expire beyond 2020, the Company estimates Atlantic salmon harvests of 60,000 MT WFE at its own farming sites, plus another 15,000 to 16,000 MT WFE of other species.

Most of the concessions held by Salmenes Camanchaca for farming fish are of indefinite duration. However, in order to retain the concession, the current regulation requires a minimum amount of use. If minimum use is not achieved, the concession may be revoked. This has led the Company to operate some of its farming sites at minimum capacity where they are at risk of revocation, which results in additional expenses. This situation generates a regulatory contradiction between an obligation to use the concession, and legislation that prefers smolt stocking growth containment, in order to preserve a healthy sanitary situation.

The financial statements could be affected by changes in economic policies, specific regulations and other standards introduced by authorities.

f. Social and Political Risks

Specific social conditions and/or political situations, such as riots, violence or protests, can generate temporary operational interruptions that affect the continuity of processing plants, primary and/or secondary logistics at export ports, access to specific public services, such as customs or health authorities, availability of labor or security of onshore facilities when faced with strikes, protests, etc. These situations can affect and delay harvests, production or shipments of products to target markets. The Company continuously monitors these situations to ensure that its staff, facilities and products are safe, and regularly evaluates mitigating measures, including whether insurance policies are cost-effective.

g. Liquidity Risks

Liquidity risk is the risk of potential mismatches between the funds needed for investments in assets, operating expenses, finance costs, repayment of debt as it matures and dividend payments, and funding sources such as product sales revenue, collections from customers, disposal of financial investments and access to financing.

Salmones Camanchaca conservatively and prudently manages this risk by maintaining sufficient liquidity and access to third-party financing facilities, while carefully ensuring that it complies with all its financial obligations.

h. Interest Rate Risks

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months. The Company evaluates its hedging options, depending on market conditions, but has not used them during the last five years.

i. Foreign Exchange Risks

A substantial proportion of Salmones Camanchaca's revenue arises from contracts and commercial agreements in US dollars. However, given the diversity and importance of markets other than the North American market, which have historically represented more than 50% of total exports, any devaluation of the US dollar against these markets' currencies and/or the Chilean Peso, could have an impact on market demand and consequently on prices, which would affect the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. When that is not possible, expenses in Chilean pesos are converted to US dollars, which may appear higher if the Chilean peso appreciates. The Company occasionally evaluates exchange rate hedging instruments for its Chilean peso-denominated expenses, based on market conditions, which results in non-operating income or loss, respectively, for any operational loss or income produced.

The Company borrows from financial institutions in U.S. dollars.

j. Credit Risks

1. Surplus cash investment risk

The Company has a highly conservative policy for investing its cash surpluses. This policy covers the quality of both financial institutions and their financial products.

2. Sales Risks

The Company has credit insurance policies covering most sales that do not require immediate payment. The remaining sales are backed by letters of credit, advance payments, or are sales to customers with good payment performance.

Operational stoppages at ports or by customs or other institutions, as well as protests, marches or road blockages, may affect and delay shipments of our products to the markets where they are sold. Therefore, the Company

continuously monitors these variables in order to anticipate any issues and identify alternatives to minimize the impact.

Financial Statements

Statement of Net Income

Consolidated (USD '000)	Q3 2020	Q3 2019	Δ	YTD Sep 2020	YTD Sep 2019	Δ
Operating revenue	55,280	76,540	(21,260)	189,516	199,709	(10,193)
Cost of sales	(58,746)	(55,867)	(2,879)	(181,443)	(154,032)	(27,411)
Gross profit	(3,466)	20,673	(24,139)	8,073	45,677	(37,604)
Administrative expenses	(2,145)	(2,294)	149	(6,692)	(7,114)	422
Distribution costs	(1,987)	(1,997)	10	(6,987)	(5,361)	(1,626)
Sales and administrative expenses	(4,132)	(4,291)	159	(13,679)	(12,475)	(1,204)
Operational EBIT before fair value adjustments	(7,598)	16,382	(23,980)	(5,606)	33,202	(38,808)
Operational EBITDA before fair value adjustments	(3,719)	20,371	(24,090)	5,582	42,990	(37,408)
Net fair value adjustments to biological assets	(4,599)	6,849	(11,448)	(20,939)	9,745	(30,684)
EBIT after fair value adjustments	(12,197)	23,231	(35,428)	(26,545)	42,947	(69,492)
EBITDA after fair value adjustments	(8,318)	27,220	(35,538)	(15,357)	52,735	(68,092)
Financial costs	(877)	(1,273)	396	(3,094)	(3,337)	243
Share of net income (losses) of equity method associates	287	277	10	1,116	1,289	(173)
Exchange differences	642	(374)	1,016	(647)	(715)	68
Other income (losses)	(880)	(1,029)	149	(4,196)	(4,653)	457
Financial income	0	0	0	0	24	(24)
Total non-operating expenses	(828)	(2,399)	1,571	(6,821)	(7,392)	571
Net income (loss) before taxes	(13,025)	20,832	(33,857)	(33,366)	35,555	(68,921)
Taxation income (expense)	3,496	(5,603)	9,099	9,287	(9,324)	18,611
Net income (loss) for the period attributable to owners of the parent company	(9,529)	15,229	(24,758)	(24,079)	26,231	(50,310)

Statement of Financial Position

USD Thousand	Sep 2020	Dec 2019	Sep 2019
Cash and cash equivalents	7,590	13,867	8,139
Other financial assets, current	33	56	40
Other non-financial assets, current	9,113	8,518	9,867
Trade and other receivables, current	18,097	39,887	15,589
Related party receivables, current	34,086	38,600	33,777
Inventories	32,490	32,875	33,924
Biological assets, current	131,356	142,615	188,324
Current tax assets	12,730	4,861	992
Total current assets	245,495	281,279	290,652
Other financial assets, non-current	27	27	27
Other non-financial assets, non-current	112	112	112
Rights receivable, non-current	2,011	1,252	1,287
Equity method investments	4,994	4,805	5,222
Intangible assets other than goodwill	6,972	6,948	6,948
Property, plant and equipment	114,572	111,888	112,536
Long-term deferred taxes	3,173	1,419	0
Total non-current assets	131,861	126,451	126,132
Total assets	377,356	407,730	416,784
Other financial liabilities, current	23,083	8,391	6,573
Operating lease liabilities, current	354	810	402
Trade and other payables, current	60,726	63,949	81,012
Related party payables, current	10,098	15,697	5,905
Current tax liabilities	0	0	1,269
Employee benefit provisions, current	1,250	1,379	1,112
Other provisions, current	6,374	6,308	0
Total current liabilities	101,885	96,534	96,273
Other financial liabilities, non-current	90,000	90,000	94,000
Operating lease liabilities, non-current	63	270	269
Related party payables, non-current	0	0	604
Deferred tax liabilities	10,126	17,110	18,130
Employee benefit provisions, non-current	141	101	134
Total non-current liabilities	100,330	107,481	113,137
Total liabilities	202,215	204,015	209,410
Share capital	91,786	91,786	91,786
Share premium	27,539	27,539	27,539
Accumulated gain/losses	33,252	61,543	65,099
Other reserves	22,564	22,847	22,950
Total equity	175,141	203,715	207,374
Total equity and liabilities	377,356	407,730	416,784

Cash Flow Statement

ThUSD	Q3 2020	Q3 2019	YTD Sep 2020	YTD Sep 2019
CASH FLOW FROM (USED BY) OPERATING ACTIVITIES				
Receipts				
Receipts from selling goods and providing services	66,062	61,188	243,845	214,780
Payments				
Payments to suppliers for goods and services	(63,809)	(52,433)	(200,218)	(187,485)
Payments to and on behalf of employees	(6,667)	(6,533)	(20,298)	(19,946)
Dividends received	0	0	589	574
Interest paid	(46)	(7)	(2,171)	(1,525)
Interest received	0	0	0	24
Income taxes refunded (paid)	0	0	(7,825)	(5,376)
Other receipts (payments)	0	0	0	0
Net cash flow from (used by) operating activities	(4,460)	2,215	13,922	1,046
CASH FLOW FROM (USED BY) INVESTING ACTIVITIES	0	0	0	0
Receipts from sales of property, plant and equipment	0	14	21	333
Purchases of property, plant and equipment	(5,075)	(8,435)	(16,645)	(31,319)
Other receipts (payments)	0	0	0	0
Net cash flow from (used by) investing activities	(5,075)	(8,421)	(16,624)	(30,986)
CASH FLOW FROM (USED BY) FINANCING ACTIVITIES				
Receipts from issuing shares	0	0	0	0
Receipts from loans	9,000	5,000	18,000	49,000
Loan repayments	(4,000)	0	(4,000)	0
Payments to related parties	0	0	0	0
Dividends paid	0	0	(16,850)	(23,770)
Net cash flow from (used by) financing activities	5,000	5,000	(2,850)	25,230
Effects of changes in exchange rates on cash and cash equivalents	100	(251)	(725)	(294)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,435)	(1,457)	(6,277)	(5,004)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	12,025	9,596	13,867	13,143
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,590	8,139	7,590	8,139

Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Total other reserves	Retained earnings (accumulated losses)	Equity attributable to owners of the parent company	Total equity
Opening balance as of January 1, 2019	91,786	27,539	(345)	23,471	23,126	41,450	183,901	183,901
Changes in equity								
Dividends accrued						(9,508)	(9,508)	(9,508)
Comprehensive income								
Net income for the period						26,231	26,231	26,231
Other comprehensive income			(176)		(176)		(176)	(176)
Closing balance as of September 30, 2019	91,786	27,539	(521)	23,471	22,950	58,173	200,448	200,448
Opening balance as of January 1, 2019	91,786	27,539	(345)	23,471	23,126	41,336	183,787	183,787
Changes in equity								
Dividends accrued						(22,145)	(22,145)	(22,145)
Comprehensive income								
Net income for the period						42,352	42,352	42,352
Other comprehensive income			(323)	44	(279)		(279)	(279)
Closing balance as of December 31, 2019	91,786	27,539	(668)	23,515	22,847	61,543	203,715	203,715
Opening balance as of January 1, 2020	91,786	27,539	(668)	23,515	22,847	61,543	203,715	203,715
Capital increase								
Changes in equity								
Dividends						(4,212)	(4,212)	(4,212)
Comprehensive income								
Net loss for the period						(24,079)	(24,079)	(24,079)
Other comprehensive income			(283)		(283)		(283)	(283)
Closing balance as of September 30, 2020	91,786	27,539	(951)	23,515	22,564	33,252	175,141	175,141

Additional Information

Analysis of Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of September 30, 2020, compared to December 31, 2019.

	09/30/2020	12/31/2019
Liquidity Indicators		
1) Current Liquidity	2.41	2.91
2) Acid Ratio	0.80	1.10
3) Working Capital (USD million)	143.610	184.745
Debt Indicators		
4) Net Debt Ratio	1.11	0.93
5) Current Liabilities / Total Liabilities	0.50	0.47
6) Non-Current Liabilities / Total Liabilities	0.50	0.53
Profitability Indicators	(9 months)	(12 months)
7) Return on Equity	-13.75%	20.79%
8) Return on Assets	2.14%	20.97%

Notes:

1) Current Liquidity: Current Assets / Current Liabilities

2) Acid Ratio Current Assets Net of Inventory and Biological Assets / Current Liabilities

3) Working Capital: Current Assets - Current Liabilities

4) Net debt ratio Total Liabilities - Available Cash / Total Equity

7) Return on Equity: Net income (loss) attributable to owners of the parent company / Total equity

8) Return on Assets: Gross profit before fair value adjustment / Total assets

The decrease of 17.3% in the current liquidity ratio is mainly caused by a decrease of USD 35.8 million in current assets and an increase of USD 5.4 million in current liabilities, as explained in the financial position analysis. Consequently, working capital decreased by 22.3% or USD 41.3 million.

The acid ratio decreased by 26.9% compared to December 2019, mainly due to a USD 26.3 million decrease in trade receivables and a USD 5.4 million increase in current liabilities. These changes have already been explained in the financial position analysis.

The increase in the net debt ratio from 0.93 to 1.11 is mainly due to equity decreasing by USD 28.6 million. These changes have already been explained in the financial position analysis. The slight increase in the proportion of long-term liabilities from 0.47 to 0.50 is due to the increase in short-term borrowing to address the effects of the pandemic. These changes have already been explained in the financial position analysis.

The decrease in the return on equity and on assets is mainly due to movement in the fair value of biological assets between December 2019 and September 2020. These value reductions were consistent with price decreases during

the first 9 months of 2020. Falling sales prices during the first 9 months of 2020 affected the gross profit, which also contributed to the fall in return on equity.

Indicators for the first nine months of the year

		As of 09/30/2020	As of 09/30/2019
a.	Atlantic Salmon harvested in the period (MT WFE) / Site	3,998	3,040
b.	Atlantic Salmon farming density (kg/m3)	10.24	9.37
c.	Atlantic Salmon group survival rate in sea water by harvest	89.00%	91.80%
d.	Pacific Salmon farming density (kg/m3)	2.06	8.09
e.	Pacific Salmon group survival rate in sea water by harvest	92.80%	91.90%
f.	Operational EBIT before fair value adjustments (USD million)	-5.6	33.2
g.	Atlantic salmon EBIT/kg WFE before fair value adjustments	-0.03	1.05
h.	Pacific salmon EBIT/kg WFE before fair value adjustments	-1.81	n/a

Notes:

a. Harvests for the period, expressed in ex-cage MT/ number of sites harvested, expressed in ex-cage MT per site.

b and d. Average farming density, expressed in kg per cubic meter for sites harvested during the corresponding period.

c and e. Survival rate, expressed as harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.

f. Gross profit before fair value adjustment - administrative expenses - distribution costs for the salmon farming division

g and h. Gross profit before fair value adjustment - administrative expenses - distribution costs – net income from interest in trout business / kg WFE of own salmon sold

Biomass Fair Value

For the period ended September 30, 2020 (Thousands of USD)

	Gain (loss) on fair value of biological assets		Cost of biological assets harvested and sold	
	As of 09/30/2020	As of 09/30/2019	As of 09/30/2020	As of 09/30/2019
Salmonids	8,481	62,909	-29,420	-53,164

The net effect of the fair value adjustment of the salmon biomass is reflected in two accounts:

- “Gain (loss) on fair value of biological assets” records the estimated gain or loss for the period from valuing the biomass of live and harvested fish at the end of each month that will be sold in future periods. It can be positive or negative based on changes in the biomass, its cost, the quality of concessions and the market price. A gain of USD 8.5 million was recorded for the fair value adjustment of the live and harvested biomass as of September 30, 2020, compared to a gain of USD 62.9 million as of the same date in 2019. This can be explained mainly by falling prices between the two periods and the characteristics of these farming sites.
- “Fair value adjustment of biological assets harvested and sold” records the realized gain or loss on the live biomass, and the biomass harvested in current and prior periods that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the result of the transaction is recorded in operating revenue and cost of sales. The net effect of the biomass sold as of September 30, 2020, was a loss of USD 29.4 million, which reversed a positive profit estimated in prior periods, in contrast to a loss of USD 53.2 million as of September 30, 2019.

The net effect of the fair value adjustments for the salmon biomass for the period ended September 30, 2020 is a negative USD 20.9 million, as opposed to the positive USD 9.7 million for the period ended September 2019.

Differences between the market and book values of principal assets

Biological assets include the following.

Biological assets include groups of breeders, eggs, smolts and fish at marine grow-out sites. They are evaluated at initial recognition and through-out their growth.

Live fish inventories at all their freshwater stages, which are breeders, eggs, fry and smolts. These are valued at accumulated cost at the reporting date.

The fair value valuation criteria for fish at marine grow-out sites includes the value of the concession as a component of the farming risk, in accordance with the definition in IAS 41. Therefore, a valuation model has been adopted that calculates the Fair Value Adjustment (FVA) by applying a risk factor to the expected biomass profit at each marine grow-out site.

The estimated fair value of fish biomass is based on the volume of fish biomass, average biomass weights, cumulative biomass costs for each site, estimated remaining costs and estimated sales prices.

Volume of fish biomass

The volume of fish biomass is an estimate based on the number of smolts in the sea, an estimate of their growth, identified mortality in the period, average weights, and other factors. Uncertainty with respect to the volume of biomass is normally lower in the absence of bulk mortality events during the cycle, or if the fish catch acute diseases.

The biomass is the weight when it is calculated for each farming site. The target harvest weight depends on each site.

Cumulative Costs

Cumulative costs for farming sites at the date of the fair value calculation are obtained from the company's accounts.

Remaining Costs

Estimated remaining costs are based on the forecast direct and indirect costs that will affect the biomass at each site through to final harvest.

This estimate is refined at each calculation, and uncertainty reduces as the harvest approaches.

Operating revenue

Revenue is calculated using several sales prices forecast by the company for each month based on future price information from public sources, adjusted to historical price behavior from the main destination market for our fish. This is reduced by the costs of harvesting, processing, packaging, distribution and sale.

A Fair Value Adjustment is applied to all fish at marine grow-out sites, under the current model.

Changes in the fair value of biological assets are recorded in the statement of net income for the period.

All biological assets are classified as current biological assets, as they form part of the normal farming cycle that concludes with harvesting the fish.

The gain or loss on the sale of these assets may vary in comparison to their calculated fair value at the reporting date.

The Company uses the following method.

Stage	Asset	Valuation
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Salmon	Fair value includes prices, costs and volumes that are estimated by the company.